

**Internal Revenue Service
Advisory Committee on Tax Exempt and Government Entities (ACT)**

Membership Balance Plan

1. **Name.** The Advisory Committee on Tax Exempt and Government Entities (ACT).
2. **Authority.** The establishment and operation of the ACT derive from the authority to administer the Internal Revenue laws conferred on the Secretary of the Treasury by section 7801 of the Internal Revenue Code and delegated to the Commissioner of the IRS.
3. **Mission/Function.** The ACT's purpose is to provide advice and recommendations to the IRS and its Tax Exempt and Government Entities Division (TE/GE) on tax administration in the tax exempt and government entities sectors. ACT member's research, analyze and consider a wide range of issues relating to employee plans, exempt organizations, tax exempt bonds, and federal, state, local and Indian tribal governments. The ACT provides an organized public forum for discussion of topical issues and enables the IRS to receive comment and recommendations regarding current and proposed programs and policies from interested stakeholders outside the Service.
4. **Points of View.**

The ACT will consist of approximately 21 members, including those with extensive experience with the operations, goals, and issues relating to tax exempt organizations, employee plans, tax exempt bonds, and federal, state, local, and Indian tribal governments. In addition to experience in these areas, members will have specific expertise in tax and tax administration, law, accounting, public policy, employee benefits, retirement plans, tax-free bonds, actuarial science, and information systems.

The IRS appoints ACT members as representatives of various constituency groups (rather than as Special Government Employees); including the employee plans, exempt organizations, tax-exempt bond, and federal, state, local and Indian tribal government communities. These representatives provide ideas and viewpoints not otherwise available to the IRS.

In accordance with Department of Treasury guidance, determinations on employment status for ACT members take into consideration the following five non-exhaustive factors: (1) the express language of the committee's enabling documents; (2) whether prospective committee members will receive compensation, other than travel expenses, for their service on the committee; (3) whether the selection process involves reliance on outside recommendations; (4) whether the prospective committee members will act as spokespersons for a recognizable nongovernmental group or stakeholder; and (5) whether a federal employee will supervise the prospective committee members.

The membership balance is not static and may change, depending on the committee's work.

5. **Other Balance Factors.** Other balance factors include geographic diversity, experience with organizations both large and small, and a variety of perspectives and diversity of knowledge.
6. **Candidate Identification Process.**
 - a. **Cross-section.** The IRS solicits nominations to the ACT by placing a notice in the *Federal Register*, issuing a news release, advertising vacancies in IRS newsletters such as *EO Update*, using social media via an IRS Twitter feed, and reaching out to stakeholder groups and current and former ACT members. TE/GE receives approximately 85 to 100 nominations through this process. After receiving the nominations and outside recommendations, TE/GE develops a list of qualified candidates. It then selects members for appointment based on relevant experience and knowledge, geographic location, and major stakeholder representation, among other considerations.
 - b. **Agency staff involved.** Senior TE/GE officials, including the Commissioner of TE/GE, the directors of TE/GE's units, and Chief Counsel attorneys, participate in the review process.
 - c. **Vacancies.** Vacancies are filled as promptly as possible, in line with balance criteria. Vacancies occur annually, depending on term limits.
 - d. **Term limits.** Each member is appointed for a term of two years, with the possibility of serving one additional year. Terms are staggered.
7. **Subcommittee Balance.** The ACT may form subcommittees (or subgroups) for any purpose consistent with its charter. Such subcommittees must report directly to the ACT parent committee and do not make recommendations directly to federal officials. The Federal Advisory Committee Act thus does not apply to ACT subcommittees (see 41 C.F.R. § 102-3.35).
8. **Date Prepared.** This Membership Balance Plan was prepared on March 10, 2011 and revised on February 15, 2013.